



COUNTY OF SAN LUIS OBISPO DEPARTMENT OF GENERAL SERVICES

COUNTY GOVERNMENT CENTER • SAN LUIS OBISPO, CALIFORNIA 93408 • (805) 781-5200

DUANE P LEIB, DIRECTOR

REQUEST FOR PROPOSALS PS-#957 INCLUSIONARY HOUSING PROGRAM FINANCIAL ANALYSIS AND NEXUS STUDY FOR A COMMERCIAL AND INDUSTRIAL DEVELOPMENT LINKAGE FEE

May 8, 2007

Project Purpose:

The purpose of this Request for Proposals (RFP) is to provide interested consultant firms with sufficient information concerning certain services desired by the County of San Luis Obispo. This information is intended to enable the firms to prepare and submit proposals for the preparation of an Inclusionary Housing Program Financial Analysis ("Financial Analysis") and a Nexus Study for a Commercial and Industrial Linkage Fee ("Nexus Study").

Right of Rejection:

The County reserves the right to reject any or all proposals received as a result of this request. The County will not pay for any information contained in the proposals obtained from participating firms. The County is not liable for costs incurred by firms prior to issuance of a contract. The County also may negotiate separately with any source in any manner necessary to serve the best interest of the County. This request for proposals is made for informational and planning purposes only. Awards (if made) will not be made solely on the basis of proposals resulting from this request.

How to Submit Proposals:

Each proposal shall specify each and every item as set forth in the attached specifications. Any and all exceptions must be clearly stated in the proposal. Failure to set forth any item in the specifications without taking exception may be grounds for rejection. The County of San Luis Obispo reserves the right to reject all proposals and to waive any informalities.

If your firm is interested and qualified, please submit eight [8] copies of your proposal and eight [8] copies of any supporting materials by 5:00 p.m. on June 1, 2007 to:

County of San Luis Obispo
Jack Markey, Central Services
1087 Santa Rosa Street
San Luis Obispo, CA 93408

If you have any questions about the proposal process, please contact me. For technical questions and information contact Dana Lilley at (805) 781-5715 or dlilley@co.slo.ca.us or Ted Bench at (805) 781-5701 or tbench@co.slo.ca.us.

JACK MARKEY
Supervising Buyer – Central Services Division
jmarkey@co.slo.ca.us

Contract Amount:

The consultant shall prepare a cost estimate based upon the services requested in this RFP. The Financial Analysis and Nexus Study shall be bid at a firm, fixed price. Meetings with staff, public hearings, and response to comments (regarding the Draft Financial Analysis and Nexus Study) shall be bid on a fixed price.

Project Background and Purpose:

The County of San Luis Obispo is proposing an inclusionary housing ordinance to encourage more affordable housing opportunities, based on the County's Housing Element (amended July 20, 2004) Program HE1.9: Require Development of Affordable Housing. The Housing Element describes an area-wide shortage of affordable housing and contains several programs that would encourage the development and retention of the County's affordable housing stock. The Financial Analysis will assess the potential financial implications of an inclusionary housing requirement on developers.

The Inclusionary Housing Program proposal includes a linkage fee for commercial and industrial development. The Nexus Study will assess the reasonable relationship between non-residential development and the need for affordable housing for low and moderate income groups in the unincorporated County of San Luis Obispo. The nexus must show that those who are required to pay the linkage fee are contributing to the problem which the fee will address, and the amount of the fee is justified by the fee-payer's contribution to the lack of affordable housing for low and moderate income households.

Project Location:

The project site includes all of the unincorporated areas of San Luis Obispo County. None of the incorporated cities are participating in this Financial Analysis and Nexus Study. The County jurisdiction includes large rural areas of low intensity development and several urban communities.

Project Description:

The Financial Analysis shall assess the potential financial implications of an inclusionary housing requirement. The proposed inclusionary housing requirements include:

- 20% inclusionary requirement of the base project, consisting of 5% very low income units, 5% very-low income units, 5% moderate income units, and 5% workforce housing units (workforce housing includes housing for households earning between 120% and 160% of the County median income).
- Projects smaller than five (5) housing units would be subject to in-lieu fees of approximately \$3,000 to \$5,000 per home.
- Exemptions: include rental apartment projects with a density of at least 10 units per acre, secondary dwellings, farm support quarters, and on-site or off-site employee housing.
- Density bonus: Projects subject to the 20% inclusionary requirement will be eligible for a 20% increase in density if the affordable housing units are provided on-site (1:1 bonus of market rate units for affordable units).

- In-lieu fees: In-lieu fees for very-low income units and low-income units would be set at an amount equal to the current estimated financing gap for local affordable housing developments using state or federal financing, which is currently estimated to be approximately \$100,000 per affordable unit. Fees for moderate income housing and units and workforce housing units would be set at an amount equal to the median sales price of condominiums minus a profit of 15% since these units would need to be built without subsidies, which are currently estimated to be approximately \$300,000 per affordable unit.
- Linkage program for commercial and industrial development by requiring an affordable housing in-lieu fee equal to 5% of the estimated valuation of new non-residential development. Developers could build affordable housing instead, but few are expected to choose this option (NOTE: this portion of the inclusionary requirement is part of the Nexus Study for a Commercial and Industrial Development Linkage Fee).
- Affordable housing in-lieu fees would be paid into a trust fund and held for later use in subsidizing affordable housing in the same general housing market area as the development that resulted in payment of the in-lieu fee (not yet mapped).
- The developer may offer dedication of land on-site or off-site of the proposed residential development if the value of the land is of equal or greater value relative to the other methods of meeting the inclusionary requirements. A donation of land would be given to a non-profit or for-profit developer acceptable to the County in order to ensure that the developer is willing to develop affordable housing on the land. Donated land shall be in the same planning area or in an adjacent planning area as proposed residential development.

The Nexus Study for a Commercial and Industrial Development Linkage Fee shall assess the nexus or reasonable relationship between non-residential development and the need for affordable housing for low and moderate income groups in the unincorporated County of San Luis Obispo. The nexus must show that those who are required to pay the linkage fee are contributing to the problem which the fee will address and the amount of the fee is justified by the fee-payer's contribution to the lack of affordable housing for low and moderate income households. The requirement is proposed as follows:

- Commercial and industrial development of 5,000 square feet or more of floor area will require an affordable housing in-lieu fee equal to 5% of the estimated valuation of new non-residential development. Developers could build affordable housing instead, but few are expected to choose this option.

Proposed Project Scope:

Inclusionary Housing Program Financial Analysis shall include:

- Executive summary
- Baseline project scenarios for market rate projects to assess resulting financial returns and profit margins (including small lot single family, multi-family rental projects, townhome, and condominium projects)

- Baseline project scenarios with inclusionary units added into the feasibility study to assess resulting financial returns and profit margins at levels acceptable to local developers (including scenarios with other inclusionary requirements such as 15% inclusionary and 25% inclusionary to compare the difference in profit margins)
- Inclusionary units scenarios with a variety of different product types to satisfy the affordable housing obligations (i.e. condominiums, rental apartments, and single family small for sale units in the inclusionary portion of the project)
- Affordability gap analysis measuring the difference between the cost of providing housing for very-low, low, moderate and workforce households, and the amount that the target households can afford.
- Contact with local developers, builders, the County, and other agencies or individuals for financial analysis assumptions such as land costs, hard costs, costs per unit to develop, financing, average project size, permit fees, etc.
- Analysis of other inclusionary options to satisfy the affordable requirement such as land dedication.

The *Nexus Study* shall include:

- Introduction and executive summary
- Overview of demographic and economic trends and conditions in the County
- Survey of linkage fees on commercial/industrial development in the State
- Nexus analysis, which estimates the number of low and moderate income households associated with development of commercial and industrial development (retail, office, warehouse/distribution, etc.). This should be based on demographic and economic characteristics of employees expected to work in such developments.
- Maximum supportable nexus in-lieu fee on commercial and industrial development based on the nexus analysis and an affordability gap analysis measuring the difference between the cost of providing housing for very-low, low, moderate and workforce households, and the amount that the target households can afford.
- Summary of the potential economic impacts of a commercial and industrial development linkage fee on future commercial and industrial development in the County of San Luis Obispo.

Meetings

- Staff meetings: cost estimate shall include one “kick-off” meeting with County or other agency staff when given advance notice, along with one other meeting with staff.

Response to Comments

- The consultant shall include costs for responses to comments of a draft to be reviewed by the County.

Public Hearings

- The consultant shall include costs for attendance of three public hearings. The consultant shall be prepared to respond to questions, make presentations, and/or participate in an advisory capacity during hearings. The costs for attendance at the public hearings shall be itemized and are to be considered options to be exercised by the County.

Deliverables

The format for all text documents, tables, charts, and illustrations shall be 8 ½ x 11 vertical. If oversized inclusions are necessary, they shall be 11 x 17. All drafts and final documents shall be two-sided, black ink, and on white or light recycled stock paper.

Deliverables shall include:

- A. Five (5) copies of the Draft Inclusionary Housing Program Financial Analysis.
- B. Five (5) copies of the Draft Nexus Study for a Commercial and Industrial Development Linkage Fee.
- C. Five (5) copies of the Final Inclusionary Housing Program Financial Analysis.
- D. Five (5) copies of the Final Nexus Study for a Commercial and Industrial Development Linkage Fee.
- E. One set of CDs in Microsoft Word (current version, properly formatted) with the Final Inclusionary Housing Program Financial Analysis and Final Nexus Study for a Commercial and Industrial Development Linkage Fee. The CDs shall also include any appendices, tables, and spreadsheets in databases developed for these studies (compatible with County spreadsheet software such as Microsoft Excel).
- F. One electronic copy of the Final Inclusionary Housing Program Financial Analysis and Final Nexus Study for a Commercial and Industrial Development Linkage Fee in PDF format. This PDF may be placed on the County's website, and shall therefore be formatted to allow website viewing capability.

TO: ALL PROSPECTIVE PROPOSERS
SUBJECT: LOCAL PROPOSERS PREFERENCE

The County of San Luis Obispo has established a local vendor preference. All informal and formal Request for Proposals for contracts will be evaluated with a 5% preference for local vendors. Note the following exceptions:

1. Those contracts which State Law or, other law or regulation precludes this local preference.
2. Public works construction projects.

A "local" vendor will be approved as such when, 1) It conducts business in an office with a physical location within the County of San Luis Obispo; 2) It holds a valid business license issued by the County or a city within the County; and 3) Business has been conducted in such a manner for not less than six (6) months prior to being able to receive the preference.

As of March 3, 1994 individual County Buyers evaluate RFP's (Request for Proposals) considering the local vendor preference described above. The burden of proof will lie with proposers relative to verification of "local" vendor preference. Should any questions arise, please contact a buyer at (805) 781-5200. All prospective proposers are encouraged to quote the lowest prices at which you can furnish the items or services listed in County proposals.

	YES	NO
Do you claim local vendor preference?		
Do you conduct business in an office with a physical location within the County of San Luis Obispo?		
Business Address: _____		
Years at this Address: _____		
Does your business hold a valid business license issued by the County or a City within the County?		
Name of Local Agency which issued license: _____		

Business Name: _____

Authorized Individual: _____ Title: _____

Signature: _____ Dated: _____

PROPOSAL SUBMITTAL AND SELECTION

1. All proposals shall consist of eight (8) bound copies suitable for evaluation, and must be received by mail, recognized carrier, or hand delivered no later than 5:00 p.m. on Friday, June 1st, 2007. Late proposals will not be considered.
2. All correspondence should be directed to:

San Luis Obispo County
Department of General Services
1087 Santa Rosa Street
San Luis Obispo, CA 93408
ATTENTION: Jack Markey
Telephone: 805-781-5905
3. Costs of preparation of proposals will be borne by the proposer.
4. It is preferred that all proposals be submitted on recycled paper, printed on two sides.
5. Selection of qualified proposers will be by an approved County procedure for awarding professional contracts.
6. This request does not constitute an offer of employment or to contract for services.
7. The County reserves the option to reject any or all proposals, wholly or in part, received by reason of this request.
8. The County reserves the option to retain all proposals, whether selected or rejected.
9. All proposals shall remain firm for sixty days following closing date for receipt of proposals.
10. The County reserves the right to award the contract to the firm who presents the proposal which in the judgment of the County, best accomplishes the desired results, and shall include, but not be limited to a consideration of the professional service fee.
11. Selection will be made on the basis of the proposals as submitted. The Selection Committee may deem it necessary to interview applicants. The County retains the right to interview applicants as part of the selection process.
12. The proceedings of the Selection Committee are confidential. Members of the Selection Committee are not to be contacted by the proposers.

PROPOSAL FORMAT

A qualifying proposal must address all of the following points:

1. Project Title
2. Applicant or Firm Name
3. Firm Qualifications
 - a. Type of organization, size, professional registration and affiliations.
 - b. Names and qualifications of personnel to be assigned to this project. This shall include resumes for each key personnel detailing special applicable qualifications.
 - c. Outline of recent projects completed that are directly related to this project. Consultant is required to demonstrate specific design and project expertise relating to the requirements of the Project Scope.
 - d. Qualifications of consultants, subcontractors, or joint venture firm, if appropriate.
 - e. Client references from recent related projects, including name, address and phone number of individual to contact for referral.
4. Understanding of and Approach to the Project
 - a. Summary of approach to be taken as it relates to the project scope. If the consultant identifies areas of concern or alternative methodologies that are not mentioned in this request, then such recommendations should be described in the consultant's proposal.
 - b. Description of the organization and staffing to be used for the project.
 - c. Indication of information and participation the proposer will require from County staff.
 - d. Indication of time frame and/or time table, along with a target date for each major task, necessary to complete the plan review once a Notice to Proceed is issued.
5. Fees and Insurance
 - a. Propose total fixed fees to complete project as described under Project Scope, along with estimates of costs per task. A table indicating assigned personnel, number of hours to be spent, rate/hour, and total cost shall be included.
 - b. The selected Consultant will be required to provide insurance coverage as stated below. This amount of insurance coverage shall be reflected in your estimated professional fee.

- c. Consultant, at its sole cost and expense, shall purchase and maintain the insurance policies set forth below on all of its operations under this Agreement. Such policies shall be maintained for the full term of this Agreement and the related warranty period (if applicable). Any failure to comply with reporting provisions(s) of the policies referred to above shall not affect coverage provided to the County, its officers, employees, volunteers and agents. For purposes of the insurance policies required hereunder, the term "County" shall include officers, employees, volunteers and agents of the County of San Luis Obispo, California, individually or collectively.

1. **MINIMUM SCOPE AND LIMITS OF REQUIRED INSURANCE POLICIES**

(Contact Risk Management for variation of insurance requirements for large or small contracts that may not fit the standard insurance requirements).

The following policies shall be maintained with insurers authorized to do business in the State of California and shall be issued under forms of policies satisfactory to the County:

a. **COMMERCIAL GENERAL LIABILITY INSURANCE POLICY ("CGL")**

Policy shall include coverage at least as broad as set forth in Insurance Services Office (herein "ISO") Commercial General Liability coverage. (Occurrence Form CG 0001) with policy limits not less than the following:

\$1,000,000 each occurrence (combined single limit);
\$1,000,000 for personal injury liability;
\$1,000,000 aggregate for products-completed operations; and
\$1,000,000 general aggregate.

The general aggregate limits shall apply separately to Contractor's work under this Agreement.

b. **BUSINESS AUTOMOBILE LIABILITY POLICY ("BAL")**

Policy shall include coverage at least as broad as set forth in Insurance Services Office Business Automobile Liability Coverage, Code 1 "Any Auto" (Form CA 0001). This policy shall include a minimum combined single limit of not less than One-million (\$1,000,000) dollars for each accident, for bodily injury and/or property damage. Such policy shall be applicable to vehicles used in pursuit of any of the activities associated with this Agreement. Contractor shall not provide a Comprehensive Automobile Liability policy which specifically lists scheduled vehicles without the express written consent of County.

c. **WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY ("WC / EL")**

This policy shall include at least the following coverages and policy limits:

1. Workers' Compensation insurance as required by the laws of the laws of the State of California; and

2. Employer's Liability Insurance Coverage B with coverage amount not less than one-million (\$1,000,000) dollars each accident / Bodily Injury (herein "BI"); one-million (\$1,000,000) dollars policy limit BI by disease; and, one-million (\$1,000,000) dollars each employee BI disease.

2. **DEDUCTIBLES AND SELF-INSURANCE RETENTIONS**

Any deductibles and/or self-insured retentions which apply to any of the insurance policies referred to above shall be declared in writing by Contractor and approved by the County before work is begun pursuant to this Agreement. At the option of the County, Contractor shall either reduce or eliminate such deductibles or self-insured retentions as respect the County, its officers, employees, volunteers and agents, or shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration, and/or defense expenses.

3. **ENDORSEMENTS**

All of the following clauses and endorsements, or similar provisions, are required to be made a part of insurance policies indicated in parentheses below:

- a. The County of San Luis Obispo, its officers, employees, volunteers and agents are hereby added as additional insureds with respect to all liabilities arising out of Contractor's performance of work under this Agreement (CGL & BAL);
- b. If the insurance policy covers an "accident" basis, it must be changed to "occurrence" (CGL & BAL)
- c. This policy shall be considered primary insurance with respect to any other valid and collectible insurance County may possess, including any self-insured retention County may have, and any other insurance County does possess shall be considered excess insurance only and shall not be called upon to contribute to this insurance (CGL, BAL, & PL);
- d. No cancellation or non-renewal of this policy, or reduction of coverage afforded under the policy, shall be effective until written notice has been given at least thirty (30) days prior to the effective date of such reduction or cancellation to County at the address set forth below (CGL, BAL, WC /EL & PL);
- e. Contractor and its insurers shall agree to waive all rights of subrogation against the County, its officers, employees, volunteers and agents for any loss arising under this Agreement (CGL); and
- f. Deductibles and self-insured retentions must be declared (All Policies).

4. **ABSENCE OF INSURANCE COVERAGE**

County may direct Contractor to immediately cease all activities with respect to this Agreement if it determines that Contractor fails to carry, in full force and effect, all insurance policies with coverages at or above the limits specified in this Agreement. Any delays or expense caused due to stopping of work and change of insurance shall

be considered Contractor's delay and expense. At the County's discretion, under conditions of lapse, the County may purchase appropriate insurance and charge all costs related to such policy to Contractor.

5. **PROOF OF INSURANCE COVERAGE AND COVERAGE VERIFICATION**

Prior to commencement of work under this Agreement, and annually thereafter for the term of this Agreement, Contractor, or each of Contractor's insurance brokers or companies, shall provide County a current copy of a Certificate of Insurance, on an Accord or similar form, which includes complete policy coverage verification, as evidence of the stipulated coverages. All of the insurance companies providing insurance for Contractor shall have, and provide evidence of, a Best Rating Service rate of A VI or above. The Certificate of Insurance and coverage verification and all other notices related to cancellation or non-renewal shall be mailed to:

Dana Lilley, Supervising Planner
Planning and Building Department
County of San Luis Obispo
976 Osos Street, Room 300
San Luis Obispo, CA 93408

The Consultant shall provide within five (5) days after the Notice of Award is issued a certificate of liability insurance naming the County of San Luis Obispo and its employees and officers as additionally named insured. This shall be maintained in full force and effect for the duration of the contract and must be in an amount and format satisfactory to the County.

6. **INDEMNIFICATION**

Consultant shall defend, indemnify and hold harmless the County, its officers and employees from all claims, demands, damages, costs, expenses, judgments, attorney fees, liabilities or other losses that may be asserted by any person or entity, and that arise out of or are made in connection with the acts or omissions relating to the performance of any duty, obligation, or work hereunder. The obligation to indemnify shall be effective and shall extend to all such claims and losses, in their entirety. However, this indemnity will not extend to any claims or losses arising out of the sole negligence or willful misconduct of the County, its officers and employees.